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ABSTRACT

The revision of Elementary Secondary Education Act Title I provides an excellent opportunity for examining the dynamics of educational policy making at the Federal level and the parameters of the educational subsystem that determines educational policy. It provides a fascinating interplay of the demands for greater rationality in public policy and the demands for expressing shifting power realities as interpreted by the guardians and the stewards of the Congressional process. After a decade of operation, the Elementary Secondary Education Act of 1965 (ESEA) was the subject of major revision efforts during the 1973 and 1974 sessions of Congress. Revision of Title I of ESEA which accounted for the major portion of ESEA funds, became a central priority. The controversy over Title I as revised by the Educational Amendments of 1974 struck at the heart of the coalition which had originally backed federal aid to education. For the question raised in that session was not the level of appropriations for Title I, which had annually united the old coalition which had enacted it, but how those monies should be distributed. In a very real sense, it pitted county against county and state against state. The Title I formula fight marked a significant shift in the politics of compensatory education -- an irreversible shift which makes changes in future formulae likely. (Author/JM)

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THE POLITICS OF FORMULA REVISION:

A Study of Compensatory Education Policy*

by

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> If you destroy this formula today, if you substitute a general amendment formula, if you take the money out of the poverty areas of New York City and every other area of this country, then we are voting to liquidate the legacy of Lyndon Johnson.

With these emotional words the present Governor of New York State spoke on the floor of the House of Representatives about the Elementary and Secondary Education Act of 1965 and its major funded section, Title I--Compensatory Education. Who won the formula fight to revise Title I during 1973 and 1974 and why? What are the lessons for the future of compensatory education? These are the concerns which inform this study.

After a decade of operation, the Elementary and Secondary Education Act of 1965 (ESEA) was the subject of major revision efforts during the 1973 and 1974 sessions of Congress.[1] During the late Spring of 1973 it became clear that the Nixon administration efforts to enact the Better Schools Act, incorporating a special revenue sharing approach, was doomed. Revision of Title I of ESEA which provided aid to school districts with disadvantaged children and accounted for the major portion of ESEA funds became a central priority.

The controversy over Title I as revised by the Education Amendments of 1974 struck at the heart of the coalition which had originally backed federal aid to education. For the question raised in that session was not the level of appropriations for Title I, which had

annually united the old coalition which had enacted it, but how those monies should be distributed. In a very real sense it pitted county against county and state against state.

The revision of Title I provides an excellent opportunity for examining the dynamics of educational policy-making at the Federal level and the parameters of the educational subsystem that determines educational policy. The Title I formula controversy provides a fascinating interplay of the demands for greater rationality in public policy and the demands for expressing shifting power realities as interpreted by the guardians and the stewards of the Congressional process.

A. Background

Title I of the Elementary and Secondary Education Act of 1965 was a product of certain special circumstances of the early days of the Great Society.[2] Lyndon Johnson's own commitment to federal aid to education combined with his political leverage during his initial Congressional foray as President to produce the Elementary and Secondary Education Act of 1965 and its most heavily funded component--Title I.

In the days of the Great Society's War on Poverty the concept of aid to help poor children by providing additional "compensatory" education had particular appeal.[3] To those who sought government intervention to

Table I

Elementary and Secondary Education Act Funding Levels*

		1966	1970	1974
Title I	Compulsory Education	746,904,000	1,170,335,000	1,772,100,000
Title II	Libraries	47,871,000	44,670,000	95,199,000
Title III	Supplementary Education Centers	10,938,000	158,781,000	177,149,000
Title IV	State Departments	11,269,000	29,247,000	50,428,000
Title VII	Bilingual Education		6,192,000	34,291,000
Title VIII	Dropout Prevention		3,704,000	10,153,000
	Total ESEA	816,982,000	1,412,949,000	2,139,320,000

*Adapted from Table 142, Digest of Educational Statistics, 1974.

alleviate poverty, compensatory education seemed like a way to break the poverty cycle. To fiscal conservatives Title I fell far short of general aid and seemed likely to limit demands on future funding. It also provided a mechanism for providing services to non-public schools, an important component of the overall compromise which made ESEA possible.

Title I had additional appeal for it was able to address the needs of two groups of influential Congressmen. It brought together the representatives of the Southern, rural states which contained large numbers of poverty youngsters and representatives of the Northern industrialized states which also had large poverty areas. Representative Adam Clayton Powell, Chairperson of the House Education and Labor Committee, was particularly solicitous of Northern urban areas.

Title I was a formula grant program. It provided for funds flowing to states, counties and school districts depending upon their incidence of poverty youngsters. The administration-proposed formula defined poverty youngsters as those in families with incomes under $2,000 per year. At the behest of Chairman Powell a provision was added to include an additional category, students in families receiving more than $2,000 under AFDC welfare programs.[4] This seemingly minor accommodation came to assume significant proportions during the

late 1960's and early 1970's as the number of AFDC children climbed and welfare benefits increased. While AFDC figures could be updated each year, the number of children in poverty families under $2,000, relying upon the 1960 census, remained static until fiscal 1974, which was the first year in which 1970 census data were used. And in that year the number of children in families with incomes under $2,000 dropped. Amendments which had been introduced during the 1970's to raise the poverty level never became operative because of inadequate appropriation levels.

One result of this procedure was that the number of children on AFDC came to represent an ever increasing proportion of the number of children counted. While in fiscal 1966, the first year of ESEA's operation, 582,578 or 10.5% of the total 5,530,718 children counted, were AFDC children during the last year in which the 1960 census was used, fiscal 1973, 3,269,183 AFDC children out of a total of 8,476,248 children accounted for 38.6% of the total. During fiscal 1974, the first year in which the 1970 census data were used 3,337,968 children out of 6,246,839 or 53.4% were AFDC children, reflecting the drop in families with incomes under $2,000 under the 1970 census and the continuing rise in AFDC families above that level.[5]

This shifting of the Title I formula to reflect the

state and county AFDC population, rather than low income population benefitted the Northern industrial states. These were the states that were more likely to have extensive AFDC programs with payment levels in excess of the defined poverty level. When ESEA was first funded in fiscal 1966, 10 states had no individuals receiving AFDC above the minimum of $2,000 per year: Alabama, Arkansas, Delaware, and Florida, Georgia, Kentucky, Mississippi, South Carolina, Tennessee, and Texas. As late as 1973 three states: Arkansas, Mississippi, and Tennessee had no AFDC children in families receiving more than $2,000. The impact of the shifting importance of AFDC count on individual states is evident in the shifting percentage of total student poverty population nationwide, represented by individual states over the years 1966, 1973, 1974, as indicated below.

During the ten year period 1966-1976, and most dramatically in Fiscal 1974, the percentage of poverty youngsters in the Southern states decreased as the percentage of poverty youngsters in Northern states increased. Several continuing resolutions preceded the appropriation bill for the 1974 fiscal year, all incorporating hold harmless clauses to cushion the blow to school districts throughout the country. The formula debate occurred in an atmosphere where Congressmen from Southern states were particularly aware of their own

Table II

Poverty Count Nationwide in Selected States
1966, 1973, 1974

	1966		1973		1974	
	# counted	% of total nationwide	# counted	% of total nationwide	# counted	% of total nationwide
Arkansas	148,158	2.7	149,617	1.8	54,245	.9
Kentucky	193,559	3.5	229,797	2.7	106,359	1.7
New Jersey	85,341	1.5	239,208	2.8	246,736	3.9
California	308,669	5.6	796,749	9.4	752,195	12.0
New York	299,950	5.4	812,966	9.6	805,631	12.8

deteriorating position under Title I. Congressman Perkins, in particular, the Chairman of the House Education and Labor Committee, was sensitive to the losses his own state and district had suffered. Kentucky, which in 1966 represented 3.5% of the poverty youngsters nationwide, represented only 1.7% in 1974.

Another major factor in the formula controversy was the administration defeat in its attempt to introduce educational revenue sharing through the Better Schools Act. Stung by that defeat, the new team at the Department of Health, Education and Welfare, Assistant Secretary Frank Carlucci and Deputy Assistant Secretary Charles Cooke were eager to recoup their losses and establish a new basis of trust with the leadership of the House Committee on Education and Labor and the Senate Committee on Labor and Public Welfare.

In the early stages of discussions about the formula revisions the HEW representatives began advocating the use of the Orshansky Poverty Index as a basis for determining the number of poverty youngsters within states and counties.[6] The Orshansky Index, which had been part of the Better Schools Act and was the nationally accepted standard for judging poverty, had two central assets. It was intellectually respectable, providing adjustments for farm/non-farm differences, as well as family size and sex of the head of the household. And, it

benefitted states in the South and the West. HEW was thus able to advocate a measure of poverty which was technically superior and consistent with the political leanings of the administration. Along the way the administration could count upon the support of the Chairman of the House Education and Labor Committee Carl Perkins and the ranking minority member Albert Quie. The fact that Quie's staff person, Christopher Cross, had recently come over from HEW and maintained close contacts there reinforced this alliance.

A third major strand of developments leading into the formula controversy were the attempts of certain individuals, particularly Representatives Quie and O'Hara, to change the poverty basis of the Title I formula. Quie advocated the adoption of a standard of educational disadvantage as opposed to poverty arguing that those most in need of funding were those who scored lowest on achievement tests. On the other hand, Representative O'Hara sought to change ESEA to general aid which would spread out the monies among school districts without regard to the poverty criterion. By comparison with these formula alternatives, the Orshansky Index emerged as a moderate compromise solution.

Given the widespread disaffection with the existing formula allocations, which were particularly resented in Southern rural states, the advocacy of the Administration's

position found receptive ears. Representative Perkins, some time in the fall of 1973, began focusing on the Orshansky Index as preferable to a straight dollar level of poverty. Arguing that the Orshansky Formula with some recognition of AFDC was a sensible compromise and far superior to general aid, Perkins eventually emerged as the advocate of the position originally inspired by the Republican administration.

A major effort was needed, however, to convince the House Democrats that the Orshansky Index would not be subject to political manipulation by the administration. HEW spent considerable resources briefing Congressional staffers and was finally asked to send Mollie Orshansky, the originator of the Orshansky Index, to the Hill for testimony. Disarming one Congressman who expected a prepared statement echoing the administration point of view, Mollie Orshansky convincingly argued that despite its defects the Orshansky Index had the benefits of reflecting some important differences in measuring poverty.[7] In addition it provided an updating mechanism to account for inflation, since the Orshansky Index was updated according to changes in the Consumer Price Index. The versatility of this measure was a persuasive argument in its behalf. Southern Congressmen, including Chairman Perkins, saw that the Orshansky Index would help them since it specified a lower income figure for the farm

areas of their constituencies. More importantly, however, it would encompass many working poor. Lower per capita incomes in their states would result in a relatively high percentage of their working poor families being counted for purposes of Title I allocations. Finally by utilizing the annual update features of Orshansky an ever-increasing floor would be placed under those AFDC families which could be added to the poverty count resulting in a substantial downgrading of the AFDC as a factor.

These aspects of the Orshansky Index which made it so attractive to Southern representatives, became impressed on Representative Perkins, and at the propitious moment he opted for that formula. Given the confusion surrounding the formula alternatives and their implications, the availability of the Orshansky Index, Perkins' own support of it, and the strong backing of Albert Quie, the ranking Republican member of the Committee, the formula gained considerable momentum. While Chairman Perkins presented the Orshansky Index as a compromise between the status quo and the Quie and O'Hara proposals his enthusiasm for Orshansky may have been more ardent than he often let on. His Congressional district stood to benefit considerably from the Orshansky Index. At one stage in the discussions when a delegation of school superintendents appeared to have agreed upon an alternative to Orshansky focusing on $3,000 per year as the

poverty index, Perkins seemed to adoitly cut off discussion of that alternative.[8]

B. The Perkins-McClellan Solution

The Education Amendments of 1974 contained in the House Bill H.R. 69 were considered in the General Subcommittee on Education from January 31, 1973 until June 26, 1973.[9] The subcommittee met in markup sessions from April 12, 1973 and concluded on August 3, 1973. The critical stages affecting the Title I allocations, however, occurred in the full Committee which met from September 11, 1973, until the concluding session on February 5, 1974, when H. R. 69 was ordered reported to the House by a vote of 31-4. It was during the latter part of that period that Chairman Perkins brought together a consensus on the provisions relating to Title I.

Once having decided that the Orshansky Index should be adopted, Perkins developed a triumvirate within his committee for consolidating support. That triumvirate included himself, Ranking Minority Member Albert Quie and Representative John Brademas of Indiana who was critical to the coalition because of his credentials as a Northern liberal. The triumvirate had little difficulty in having their approach to Title I incorporated in H.R. 69, which was reported to the full house. In addition to counting the number of children in families below the Orshansky Index, the formula included two-thirds of those children on

AFDC above the Orshansky Index, adjusted annually for cost of living rises. The House version also eliminated the special aid provisions of Part C of Title I which aided areas of poverty concentration and adopted a floor and ceiling on the amount of money a state would get for each student. According to the formula adopted in 1965 each state's allocation depended upon the level of per pupil expenditures, with the proviso that no state would receive less than it would using the national average per pupil expenditure. The 1974 Amendments changed that provision to require that no state receive less than 80% nor more than 120% of the national average per pupil expenditures. Only three states were adversely affected by this provision, New York bearing by far the heaviest brunt. New York, it was argued, should not benefit from its profligacy in support of high teacher salaries and pensions which raised its per pupil expenditures to unreasonable levels.

On the floor of the House several amendments to the formula were offered, but none even came close to passage. While a rule obtained by the Committee leadership requiring that any formula change be presented at least two days prior to vote served to protect against sudden surprises, the committee formula was a difficult one to attack in any case.[11] New York's Representative Peyser offered several amendments, but aside from New

York, he could not gather much support. New York's representatives made strong speeches for consumption back home but they had little chance of upsetting the carefully orchestrated Perkins approach.

Perkins' strategy in the House was expertly executed. Once he decided that Orshansky was his preference he set about systematically building a winning coalition. Since he knew that Northern liberals would never oppose aid to education, his chief concern was how to maneuver them into agreement and avoid a floor fight. The Southern Democrat-Republican alliance represented by himself and Quie was bolstered by the support of Northern liberals like Brademas who also stood to benefit from the minimization of AFDC count and the spreading of the poverty definition via Orshansky. The only Democrats really experiencing major losses would be the New York Democrats and their misfortune provided sufficient funds to sweeten the pie for most other potential losers.

Furthermore, by entering into alliance with the administration, Perkins managed to neutralize his only potential opposition with sufficient resources to dispute his dominance of the formula controversy. The intricacies of formula fights require the kind of expertise and knowledge that is only developed over a period of years and ordinarily available only to committee chairmen and ranking members. To seriously propose alternative

formulae would have required the kinds of resources that other individuals were not likely to possess. Having steered his formula approach through the House by isolating the New York delegation and spreading the spoils among the other states, Perkins' only obstacle remained in the Senate.

Indeed the curious question about the formula controversy in the House is not the lack of floor support for alternatives, but the failure of the New York delegation and their allies to seriously affect the formula developed by the Committee leadership. A curious combination of artful maneuvering by the chairman and lack of knowledge by opposing forces seems to explain this lapse. The intricacies of formula construction were beyond most committee and staff members and were dominated by HEW staffers and Perkins and Quie and their staffs. They were able to arrange a formula solution which did not hurt any state too badly except New York. The shape of public debate thus placed New York City and its liberal welfare policy and high teacher salaries against the rest of the country. The only concession to the New Yorkers was the provision allowing for the count of 2/3 AFDC, but this provision was seriously restricted in addition by the use of the continually adjusted Orshansky Poverty Index as a floor. The effectiveness of this approach can be seen below in its ability to limit

the proportion of AFDC children in the total count.

Table III

Changes in Portion of Total Formula Children

	Total Formula Children	AFDC Children	AFDC as % of total
1966	5,530,718	582,578	10.5
1973	8,476,248	3,269,183	38.6
1974	6,246,839	3,337,968	53.4
1975	8,664,261	691,952	8.0
1976	8,706,560	736,223	8.5

There is little chance that the history of the 1960's, when AFDC came to dominate the formula, will be repeated in the 1970's.

The Senate might have presented formidable opposition to the rural, Southern oriented approach of the Perkins formula. Unlike the House where the Committee Chairman and Ranking Member represented essentially rural and suburban constituencies, in the Senate the Committee Chairman was Harrison Williams of New Jersey and the ranking member was Jacob Javits from New York, both representing states benefitting disproportionately from the 1974 allocations which overemphasized AFDC count. Reflecting the preferred positions of their own states in

the 1974 fiscal allocation, the measure they reported from the Senate Labor and Public Welfare Committee, sought to maintain this advantage. Their approach treated the allocations for 1974 as the base year and allocated additional funds according to a formula which would have weighted AFDC and Orshansky equally. Their provisions did not include updating of Orshansky for limiting AFDC count, and maintained the former rules allowing a state to chose either its per pupil expenditures or the national average.

This bill, while in principle little different from the House version, in fact would have resulted in a radically different allocation, favoring the large Northern industrial states. Although such a bill would have provided a strong basis for bargaining in conference, it was vulnerable to attack on the floor of the Senate. Capitalizing upon this weakness, Representative Perkins began some personal lobbying on the Senate side on behalf of his formula. He convinced the influential chairman of the Senate Appropriations Committee, Senator John McClellan, to support his version and to take the unusual step of offering the House version as an amendment to the Senate bill when it reached the floor. This approach proved a clever strategem, presenting the issue to the Senate in stark terms. Given the availability of computer printouts calculating current state allocations and

projections under the Senate and House formulas the choice to individual Senate members was a clear one.

In floor debate Senator McClellan could characterize the formula battle as one pitting the poor states against those wealthy ones which could afford profligate welfare policies and high teacher salaries. Why should those states be rewarded by additional educational monies, too? But the arguments about welfare, higher teacher salaries and greedy New Yorkers were secondary to the realities of the allocation procedure. When the monies which the Senate formula concentrated in large industrial states, such as New York and New Jersey, were spread among the other states the allocation to individual states made the House formula attractive.

The extent to which Senators voted their state's self-interest can be seen by comparing their votes with a table indicating their state's share of Title I funds under the House and Senate versions. This table, which appeared in the Congressional Record for May 13, 1974, undoubtedly influenced the Senate vote. According to that table, 29 states would get greater shares under the House formula, while 18 states would do better under the Senate version. Three states would not be affected. If all Senators had voted their self-interest according to the table, the vote in the Senate on the McClellan Amendment would have been 58 for, 36 against, and 6

abstentions. The actual vote was 56 for, 36 against, with 6 abstentions and 2 Senators paired. Analysis of the actual voting indicates that a small number of Senators voted against their interest while those unaffected were split.[11]

McClellan's floor strategy was a critical dimension of the fight to revise the formula. It meant that when the Senate-House Conference met on the Education Amendments of 1974 one less issue was open. It represented a triumph of the House over the Senate and Carl Perkins of Kentucky deserved most of the credit.

C. Who Won and Why?

House Members Perkins, Quie and Brademas, with the continuing support of the Republican Administration and the direct assistance or Senator McClellan, beat Senators Javits and Williams in the Title I Formula controversy. Yet beyond the personalities, who were the winners and losers and what lessons for the future of compensatory education emerge from the 1973-74 experience?

As the formula debate indicates with its frequent deference to computer printouts and tables, the stakes in the Title I controversy were monetary. Representatives and Senators were concerned over the amounts of money flowing into their districts. Even though members urged one another to decide the formula issues on principle, it was difficult for members to abstract themselves

Table IV

Percentage Comparison by State of Total Title I Money Under S. 1538 and Under McClellan Amendment

	Under S.1539	Under McClellan		Under S.1539	Under McClellan
Alabama	2.20	2.45	Nebraska	.48	.52
Alaska	.31	.28	Nevada	.10	.14
Arizona	.70	.98	New Hampshire	.18	.19
Arkansas	1.39	1.47	New Jersey	3.81	3.17
California	8.64	8.50	New Mexico	.60	.80
Colorado	.89	.97	New York	15.05	11.57
Connecticut	1.06	1.05	North Carolina	3.35	3.04
Delaware	.23	.31	North Dakota	.32	.32
Florida	2.53	3.78	Ohio	3.29	3.27
Georgia	2.62	2.68	Oklahoma	1.13	1.19
Hawaii	.29	.31	Oregon	.81	.95
Idaho	.24	.29	Pennsylvania	4.85	4.72
Illinois	5.33	4.97	Rhode Island	.36	.40
Indiana	1.39	1.51	South Carolina	1.95	1.95
Iowa	.95	.92	South Dakota	.37	.35
Kansas	.72	.78	Tennessee	2.01	2.25
Kentucky	2.00	1.90	Texas	5.77	7.01
Louisiana	2.31	3.10	Utah	.35	.35
Maine	.44	.40	Vermont	.21	.21
Maryland	1.65	1.74	Virginia	2.03	2.24
Massachusetts	2.02	1.85	Washington	1.25	1.30
Michigan	4.50	4.39	West Virginia	1.10	1.00
Minnesota	1.57	1.53	Wisconsin	1.47	1.66
Mississippi	2.29	2.36	Wyoming	.13	.15
Missouri	1.62	1.78	District of Columbia	.80	.62
Montana	.29	.33			

from the concrete dollar gains or losses which they faced from one formula or another.

The formula funds are allocated to states, counties and school districts for programs designed to help poverty youngsters. After ten years of Title I, many educators still wondered whether the Title I programs made a difference in expanding the opportunities of low-income children. In fact, a large part of the hearings, especially those before the General Subcommittee on Education, focused on the effectiveness of Title I programs.[12] Also, a great deal of controversy had existed over the years as to whether Title I funds were actually being used to provide services for poverty youngsters or were being dissipated among a larger group of students. Further criticism had been made that in some cases Title I funds were being used for services to poverty youngsters which other students obtained as a matter of course. The revisions in comparability regulations requiring that school districts prove comparability between Title I students and non-Title I students prior to approval of Title I funds was a response to this criticism. Yet the legislative controversy incorporated in the 1974 Amendments was focused at a different level. It focused on the provisions of federal law which would determine the amount of money states and counties would receive. School district allotments, while dependent upon county allocations, were

made by the State Departments of Education.

Since the appropriation level envisioned in ESEA Title I was never reached, allocations to states have always been prorated on the basis of funds available. Nonetheless the monies provided by ESEA, as the tables below indicate, have represented substantial sums and helped the total Federal contribution to education remain fairly stable as a percentage of all funds spent for education.

Table V

Office of Education Expenditures*

	1966	1970	1974
Total	2,024,428,000	4,111,598,000	5,685,669,000
ESEA	816,982,000	1,412,949,000	2,139,320,000
Title I	746,904,000	1,170,355,000	1,772,100,000

*Adapted from Digest of Educational Statistics, 1974.

The monies appropriated by Congress reach school districts through a multi-stage allocation process, which reflects the nature of the federal system and its impact on the allocation of monies to local units as well as the eccentricities of a process affected by Congressional priorities and hold-harmless clauses. Before the bulk of the money is allocated to counties and school districts monies are set aside for special

Table VI

Estimated Expenditures for Elementary and Secondary Schools*
(in Billions of Dollars)

	1967-68		1969-70		1971-72		1974-75	
Federal	3.0	9%	3.3	8.1%	4.6	9.3%	5.3	8.6%
State	12.1	36.5%	16.3	39.8%	19.0	38.1%	24.9	40.5%
Local	18.0	54.2%	21.3	51.9%	26.1	52.4%	31.1	50.7%
All other	.1	.3%	.1	.2%	.1	.2%	.1	.2%
Total	33.2	100%	41.0	100%	49.8	100%	61.4	100%

*Adapted from Digest of Educational Statistics, 1974.

purposes. These monies go to: (1) State operated programs (in fiscal 1975, $206,637,429); (2) Special incentives for state effort (in fiscal 1975, $14,000,000; (3) Bureau of Indian Affairs and Outlying Areas (in fiscal 1975, $40,932,987); and (4) Evaluation and Studies (in fiscal 1975, $9,850,000). During fiscal 1975 an additional $38,000,000 went to counties and school districts with high poverty concentrations, a program which was not continued after that year.

The remaining monies are allocated to counties, based upon the number of formula children in that county and 40% of the state average per pupil expenditure, which cannot be less than 80 percent, nor more than 120 percent of the national average per pupil expenditure. Formula children within the county are computed by adding to the number of children age 5-17 in families earning less than the Orshansky Poverty Index according to the 1970 census, two-thirds the number of children age 5-17 in families receiving AFDC and earning in excess of the adjusted Orshansky Poverty Index (for a non-farm family of four, based upon the January 1973 Consumer Price Index, for fiscal 1975, $4,250), the number of neglected and delinquent children not in state operated homes and the number of foster children. Allocations to counties are then ratably reduced, given the available level of funding. Then an iterative process is begun whereby those counties

which fall below 85% of their previous year's allocation are brought up to the 85% level, and the remaining monies reallocated among the remaining school districts, the process continuing until all counties receive at least 85% of the previous year's allocation. Then the state must allocate monies within counties to school districts, again observing the 85% hold harmless provision.

Since the revisions of 1974 occurred in a policy context already defined by the existing legislation, changes in 1974 must be understood in that context. Changes from 1976 to 1974 will therefore be viewed in the context of allocations since 1966, the first year of operation of ESEA. In focusing on the years of 1966, 1974 and 1976 it should be apparent that the years 1974-1976 represent a relatively short period during which changes are masked by the hold-harmless clauses in the 1974 legislation. As the annual allocations changed during the period of the 1960's due largely to the shifting relative importance of the AFDC count, school districts and counties which stood to lose substantial sums of monies sought provisions to ease the transition. During the appropriation of 1974 funds a particularly significant dislocation took place as the 1970 census was implemented and resulted in a drop in the number of children in families with incomes below $2,000. Hold-harmless clauses were adopted to minimize dislocation. Similarly

the 1974 Education Amendments contained a hold-harmless provision, guaranteeing that no county or school district would be funded at a level of less than 85% of the previous year's allocation. Allocation changes from year to year were thus minimized, contributing to the incremental change in Title I allocations.

Although Title I has been viewed by the public as an aid program for the large cities with poverty concentrations, the Congressional coalition which supported it consisted of considerable representation from the South. The basis for this support can be seen in the list of the 12 states with the largest numbers of Title I poverty youngsters for the fiscal 1966 allocations.

Table VII

Number of Poverty Count by State, Title I--Fiscal 1966*

Alabama	242,522	New York	299,950
California	308,669	North Carolina	326,611
Georgia	239,789	Pennsylvania	235,652
Illinois	230,017	South Carolina	206,638
Louisiana	201,282	Tennessee	220,048
Mississippi	254,903	Texas	398,224

*Figures taken from Tables prepared by Title I Office, Office of Education.

Clearly the South is overrepresented. Considering the population differentials between the Northern and Southern states listed above, the extent to which Title I

in 1965 was a program aimed as rural poverty is immediately obvious. This is more dramatically reflected in the ranking of states which in 1966 received Title I funds, expressed as a ratio of the total student population.

The extent to which a particular state benefits in any particular year may be approximated by dividing the Title I allocation by the number of students in the state. This figure is an approximation of the benefits to the state, correcting for the variable size of state school systems. The per student benefit would increase when the allocation increases, or when the student population goes down. Among the first ten states only South Dakota and New Mexico are outside of the Southeastern part of the United States.

The tendency of Title I funding to favor states in the South is further reflected in the anti-urban bias of the 1966 allocations as well as the strong relationships between per capita income of states and educational level, as seen in the correlations described below.

As table IX indicates, the Southern rural states were the chief beneficiaries of Tstle I. They were the rural, low income states with low median education levels that were being favored. This bias has continued over the 10 year period from 1966 through 1976, although low education, low urbanization and low per capita income

Table VIII

Title I Funds Per Student, Fiscal 1966

Mississippi	$53	South Dakota	$42
Arkansas	$50	West Virginia	$41
North Carolina	$45	Louisiana	$40
Alabama	$43	Kentucky	$40
South Carolina	$42	New Mexico	$36

Table IX

Correlations of State Allocations,
Title I/Student and Selected Predictors

	1966	1974	1976
Education Level	-.76	-.62	-.54
Urbanization	-.55	-.44	-.40
Per Capita Income	-.66	-.37	-.44
AFDC	-.008	+.20	+.059

factors became progressively less associated with Title I allocations per student. After the formula changes of 1974 the low income factor experienced a resurgence of sorts and the AFDC factor which had increased in importance up until 1974 was returned to its former lack of importance.

To further investigate the changed Title I allocations to states, a second dependent variable was defined and analyzed--the percentage change in state by state allocations. This variable operationalizes the relative benefit accruing to a particular state by changes in the

in the annual allocations. A state's percentage change was defined as the difference in allocations between two fiscal years divided by the allocation in the earlier fiscal year. For purposes of this study the changes focused upon were those between Fiscal 1976 and Fiscal 1974, and Fiscal 1976 and Fiscal 1966. The table below indicates the relationships between a state's percentage change in allocation and selected predictor variables.

Table X

Correlations between Percent Change in State Allocations and Selected Predictor Variables

	1976-1966	1976-1974
Percent Population Change, 1970-1960	.61	.45
Median Years of Education	.53	.38
Per Capita Income	.52	.06
Per Pupil 1974 Expenditures	.49	-.04
Urbanization	.33	.26
AFDC	-.02	-.30

The changes over the ten year period 1976-1966 are consistent with Table IX above. During that decade the allocations which were originally favoring rural, low per-capita income, low education states moved away from these states. This movement occurred despite relatively little change in the impact of the AFDC factor over the ten year period. While the figures for 1976-1974 do indicate a

substantial loss to states with high AFDC count, this essentially put them back to the position they were in during the first years of operation ESEA. The movement away from the rural, low per capita income and low median education states thus occurred independently of the AFDC component of the formula. Even during the period after the formula revision in 1974 the movement away from rural, lower education states continues, although the low-income factor is substantially reduced during that period. Further examination of the table indicates that two other critical factors in the changed allocations to states were the population shifts between the 1960 and 1970 census and the changes in state per pupil expenditure.

In order to estimate the extent to which the major variables contributed to an explanation of percentage change in allocation over the ten-year period 1976-1966, a stepwise regression was run using the predictor variables described above.[13] This equation yielded an R-square of .569 and was of the form

$$y = .019X_1 + .211X_2 + .001X_3 - .0003X_4 - .002X_5 - .00003X_6 - 2.31216$$

or, in the standardized form:

$$Y = .488X_1 + .298X_2 + .294X_3 - .098X_4 - .058X_5 - .03X_6$$

X_1 = Percent Population Change, 1960-1970

X_2 = Median Years of Education

X_3 = Expenditure Rate, 1974

X_4 = AFDC Children

X_5 = Percent Urban

X_6 = Per Capita Income

The Beta coefficients which may be taken as a rough estimate of the relative contributions of the predictor variables indicate considerable effects of percent population change, median years of education and rates of expenditure in 1974. The last three variables, as their small beta coefficients indicate, contributed to a lesser degree.

The effects of putting median years of education into the regression equation and controlling for it is to almost eliminate any independent effect of per capita income. Such a result is not surprising given the close interrelationship between education and income levels as indicators of socio-economic status. A simple correlation of .62 between these variables indicates that substantial interaction effects are occurring. The minimal effect of AFDC in the regression equation further confirms the findings of the simple correlations that in fact over the ten-year period its effects were minimal.

Perhaps the most perplexing finding is the elimination of any important effect of urbanization as a predictor, once population change, median years of education and expenditure rate have been entered into the equation. These

results are partially explained by the simple correlations between the first three predictor variables and urbanization as indicated below:

Table XI

Simple Correlations with Urbanization and Predictor Variables

Median Years of Education	.418
Percent Population Change	.492
Expenditure Rate, 1974	.304

The interpretation of this result is, however, uncertain. Is the effect of urbanization merely an artifact of its relationship to these other three predictor variables, or is there still an independent effect, perhaps masked by the interaction effects resulting from these intercorrelated variables.

State data then, support the view that the revision of Title I in 1974 reversed the tendency to favor states with large numbers of AFDC children, and slowed the drift away from states with low per capita incomes and large rural populations. The formula battle of 1974 was largely an attempt by states of the Old South to recapture their extraordinarily advantageous position--an effort which was only partially successful.

Title I Formula revision in 1974 saw the Western

states replacing the Northern and Eastern states as the allies of the Southern states. This alliance resulted in a downgrading of AFDC count and increasing reliance on the Orshansky Index which tends to spread funds among more states, particularly those outside of the industrial North where median income levels tend to be high.

This anti-urban impact of the Orshansky Formula can be even more dramatically demonstrated using county and school district data. While the formula debate was often clouded by the interjection of tables indicating that everybody did better under Orshansky, such analyses should have engendered scepticism. If there are winners there must also be losers, unless the pot is sweetened. When the large cities complained that they would be losing monies, tables were introduced indicating that most cities would do better in fiscal 1975 under Orshansky than they had done in fiscal 1974 under the formula favoring AFDC count.[14] John Brademas, the leader of the fight for Orshansky, for example, protested on the floor of the House on March 6, 1974, that Orshansky was not anti-city. He argued that a comparison of the 100 largest cities in the country indicated that only 12 would receive less money in fiscal 1975 than they had in fiscal 1974. This result was obtained by, among other devices, inflating the appropriation level.

A more accurate measure of the benefit of formula

revision to the cities may be seen in the table below which compares the actual Title I allocations in the largest school districts in the country (including the county in which they are located) with the statewide amount for fiscal 1974 and fiscal 1976. This indicates the share of Title I funds going to the large cities. While only four of these cities actually lost money since the appropriation level overall increased, a majority were put in a less advantageous position when compared to their state allocations.

These findings of the plight of the cities somewhat underestimate the disadvantages of the new formula, partly because the full effects have not yet developed. Also the county data include school districts outside of the central city. Also, Washington, D.C., one of the biggest losers, is omitted because of its independent status.

The plight of the highly urbanized areas can be even more dramatically seen in the table below analyzing the change in allocations to school districts in New York State.

The areas showing the greatest gain in allocations were the most rural and those at the level of 60-80% urbanization. The only districts showing losses were the highly urbanized school districts at the 90% or better level. School districts in the range 80-90% also did

Table XII

1974 and 1976 Title I Allocations to the Twenty Largest School Districts*

	1974	% of state allocation	1976	% of state allocation
Loses				
New York	247,563,367	67.5	200,246,880	58.8
Los Angeles	49,860,427	35.5	46,719,749	30.3
Chicago	51,859,176	59.1	51,073,162	55.8
Philadelphia	27,127,427	33.5	25,360,861	27.8
Detroit	25,929,530		28,375,787	33.0
Baltimore	12,919,356	47.8	13,099,735	41.4
Cleveland	12,446,601	22.7		
Milwaukee	6,348,463	26.6	7,332,685	22.9
St. Louis	5,678,370	21.1	6,492,267	19.9
New Orleans	5,960,408	16.1	8,149,010	15.8
Boston	8,328,719	25.3	8,068,307	21.7
No Change				
Houston	8,019,010	8.2	10,300,539	8.2
San Francisco	4,312,040	2.7	4,185,927	2.7
San Antonio	5,797,673	6.9	8,649,397	6.9
Gains				
Phoenix	3,516,240	30.8	5,580,160	33.2
Dallas	5,110,172	5.2	6,831,485	5.4
Indianapolis	3,169,235	13.8	3,782,956	14.9
San Diego	6,642,896	4.7	7,971,445	5.2

*Figures are based upon total allocations to counties within which city school districts are located. Since cities themselves tended to lose monies, these figures understate the actual loss to cities. Twenty largest districts are selected according to 1971-1972 enrollment figures.

Urbanization and Title I Monies
New York State School Districts
Changes from Fiscal 1975 to Fiscal 1974*

% Urbanized Population	Number	Mean Change in %
0-10	296	38.4
11-20	7	11.4
21-30	16	11.7
31-40	23	22.3
41-50	39	23.5
51-60	30	20.9
61-70	30	35.2
71-80	24	38.5
81-90	28	17.3
91-100	169	-9.2

*This table was supplied by Charles Alt an MPA student at Baruch College, CUNY. New York City is excluded from this analysis as are several smaller districts which were not included in the Fourth Count Census Tapes upon which this table is based.

poorly when compared to districts across the state. These findings are particularly interesting in light of earlier findings that decidedly higher levels of Title I funds go to school districts with central city and rural locations.[15] These findings should be reexamined in light of changing allocation patterns.

Thus the tendency of the Orshansky Index to counteract the AFDC emphasis on highly urbanized areas can be most clearly seen in these figures. The Orshansky Index was based upon the alliance of rural and suburban districts which received increased appropriations. In the face of this rural-suburban bias, Orshansky was exceed-

ingly difficult to attack. Even the large city representatives were split for some knew that there own cities would do well given the increased appropriations to their states. The existing power distribution, reinforced by the superior expertise of its proponents in the intricacies of formula allocation, made a House floor fight unlikely.

The Title I Formula fight thus found the Southern, rural beneficiaries realigning with the suburbs and the Western states against the large cities and the Northern Industrial states. While the changes in Title I were incremental, they were nonetheless significant. They moved the allocation of funds away from the large central cities of the North to the smaller cities of the South and West, albeit gradually. Meanwhile the rural areas bolstered their privileged position.

Many of the proponents of the new formula argued that while some areas might have lost in the short run, in the long run they would recoup their losses due to increased political support for the program. Cark Perkins could logically argue that Senator McClellan's enlistment in the cause of Title I was a major victory resulting in an increase in Title I appropriations to the $2 billion dollar level by fiscal 1977. Yet the acceptance of this argument also suggests that Congressional politics tends to spread monies out in order to benefit all areas more

equally, which militates against the concentration of funds in the cities or any other areas of the country.

In the minds of many of the Congressional actors, however, Title I is still viewed as a program to aid the cities and the poor and as such has the support of a curious alliance of conservatives and liberals. Liberals favor the programmatic aspects of a poverty program and conservatives favor the limitation of federal aid to education to the poverty population. This past revision of Title I, however, suggests that new forces are at work reshaping compensatory education policy.

Albert Quie's suggestion to distribute federal monies on the basis of educational disadvantage, rather than poverty, is still very appealing to many. At present, Northern liberals tend to denigrate the appeal of such a measure, adhering to the rhetoric of the poverty era, and conservatives tend to oppose any national testing program which such a program would require. Like the Orshansky Index, it would tend to spread out the monies that are available and thus could develop a potent base of political support. Tables similar to those that convinced Representatives and Senators that Orshansky meant more money for them could be generated to show that the educational disadvantage criterion would help more districts to a greater degree. Faced by such a reality the proponents of the present formula would be hard-pressed to argue

that the measure of educational disadvantage, which is used by many city superintendents to distribute their Title I monies, would be unfair at the national level. The Title I Formula fight of 1974 marked a significant shift in the politics of compensatory education--an irreversible shift which makes changes in future formulae likely. Ironically, these shifts which have hurt those large city school districts most in need of funds may provide the future basis for large scale federal intervention in education; intervention which, by reducing the inequalities in educational funding, could in the long run rescue large city educational systems from their deteriorating fiscal position.

FOOTNOTES

1. The Education Amendments of 1974 were contained in the House Bill H.R. 69, which was passed on March 27, 1974. The major provisions of H.R. 69 relating to the Title I Formula change were incorporated in Senate Bill, S. 1539, which was passed on May 20, 1974. The Senate and House agreed to the Conference version which was incorporated in Public Law 93-380 and was signed by the President on August 21, 1974.

2. The period preceeding the enactment of the Elementary and Secondary Education Act of 1965 has been carefully described in R.chard Fenno's National Politics and Federal Aid to Education (Syracuse: Syracuse University Press, 1962) and Robert Bendiner's Obstacle Course on Capitol Hill (New York: McGraw Hill, 1964). The enactment of ESEA has been carefully researched by Phillip Meranto, The Politics of Federal Aid to Education in 1965 (Syracuse: Syracuse University Press, 1967) and Eugene Eidenberg and Roy Morey, An Act of Congress (New York: Norton, 1969).

3. For an early discussion of the rationale and justification for compensatory education, see Doxie Wilkerson and Edmund Gordon, Compensatory Education for the Disadvantaged (New York: College Entrance Examination Board, 1966).

4. Interview with Roy Millenson, Staff Member Senate Committee on Labor and Public Welfare.

5. This data and other Office of Education statistics have been provided by Carolyn Horner, Financial Specialist, Title I Office, Bureau of School Systems, Office of Education. She is due an especial thanks for her helpfulness and cooperation.

6. The Orshansky Poverty Index is based upon variability in food costs that are reflected in family differences, depending upon the sex of the head of the household, the number of children and whether or not it is located on a farm. It has gained considerable acceptance as a national poverty standard and is incorporated in the 1970 Census.

7. Interview with Charles Cooke, Deputy Undersecretary for Legislation, HEW.

8. Interview with Sam Husk; Executive Director, Council of Great City School Boards.

9. Report of the Committee on Educationand Labor, Elementary and Secondary Education Amendments of 1974, 93rd Congress, 2nd Session, House of Representatives, 93-805.

10. This rule was incorporated in House Resolution 963 which passed after considerable debate by a vote of 234 to 163 with 34 absent, on March 12, 1974.

11. The actual vote is recorded in the Congressional Record, May 18, 1974, S 8166.

12. Elementary and Secondary Education Amendments of 1973, Hearings before the General Subcommittee on Education of the Committee on Education and Labor, House of Representatives, 93rd Congress, First Session.

13. The SPSS standard stepwise regression routine is described in Norman Nie et al., Statistical Package for the Social Sciences (New York: McGraw Hill, 2nd edition, 1975).

14. An example of such a table which overstates the virtues of the new formula and was introduced by John Brademas is found in the Congressional Record, March 6, 1974, H 1530.

15. Joel Berke, Seymour Sacks, Stephen Bailey and Alan Campbell, "Federal Aid to Public Education: Who Benefits?", p. 27, in Joel Berke and Michael Kirst, Federal Aid to Education (Lexington Books: Toronto, 1972).